

## Summary

**Date:** April 1, 2015

**Topic:** Continuation of Performance Management Confirmation Program

**Audience:** HR Managers

### High Level Summary:

The PMC program was originally designed to certify that agencies were adequately prepared to factor performance into pay, leave, and/or layoff decisions. To date, the program has only been used to give monetary or leave performance incentives and awards. Less than 3% of Executive Branch employees are currently in agencies that have received PMC and are eligible for these incentives and awards. The confirmed agencies are: Attorney General's Office, Department of Commerce, Department of Financial Institutions, Department of Veteran's Affairs, Housing Financial Commission, State Investment Board, and Washington State Lottery.

In order for agencies to receive PMC, there is a lengthy application process and review which can take up to two years to complete. The application process itself contains 16 individual steps; they include but are not limited to a preliminary readiness assessment/application, developing a model program, interim report outs, and ultimately conclude with a decision from the State Human Resources Director. This review process was designed to evaluate an organization's ability to:

- Create and manage a performance-based culture.
- Link individual and organizational performance goals.
- Meaningfully distinguish between different levels of performance.
- Develop a fair and transparent performance incentive program designed to demonstrably improve organizational performance.

Used primarily as a performance management tool for non-represented employees, the PMC program is not mandated. For this reason:

- When funds are scarce, incentives and awards are eliminated. Due to the state's budget crisis the program was suspended and no incentives or awards have been given since 2010.

### Options for decision/position:

**Option A:** Keep the current Performance Management Confirmation program in place with no changes. The suspension on new monetary and leave awards ends effective July 1, 2015.

**Option B:** Eliminate the Performance Management Confirmation program including the confirmation process and awards effective July 1, 2015.

**Option C:** Modify the Performance Management Confirmation program to align with current best practices around performance management. Remove pay for performance as an incentive of the program. Both performance-based leave and performance-based layoff requires further exploration with the HR community. Although performance-based leave has been implemented, performance-based layoff has

not. Adjust to include a strong focus on day to day coaching, autonomy of employees, intrinsic rewards (i.e. knowledge, responsibility, recognition, and accomplishments), and adjusting focus to organizational and team performance instead focusing solely on individual performance.

**Steps:**

- Research conducted from 2013 through 2015
- Stakeholder perspectives
  - Confirmed Agencies
  - Human Resources Advisory Committee (HRAC)
  - OFM State HR Managers
- Communicate with HR Community

**Next Steps:**

- Communicate with HR Community and PMC Confirmed Agencies

**Additional Information:**

- [http://hr.wa.gov/WorkforceDataAndPlanning/EmployeePerformanceManagement/Pages/PerformanceManagementConfirmation\(PMC\).aspx](http://hr.wa.gov/WorkforceDataAndPlanning/EmployeePerformanceManagement/Pages/PerformanceManagementConfirmation(PMC).aspx)

**Opportunity to Weigh in (By April 8, 2015):**

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**Additional Reading Material:**

- “Does Money Really Affect Motivation? A Review of the Research” by Tomas Chamorro-Premuzic. Harvard Business Review Blog Network, April 10, 2013
- Dr. Bernd Irlenbusch, When Performance-Related Pay Backfires, LSE's Department of Management, 2014
- “Developing Performance Incentives and Sustaining Engagement in a Volatile Work Environment” by WorldatWork and Performance and Reward Centre, November 2010;
- WorldatWork “Incentive Pay Practices Survey for Non-Profit/Government Organizations” February 2014
- Alfie Kohn, Why Incentive Plans Cannot Work; Harvard Business Review 1993